

PACHULSKI STANG ZIEHL & JONES LLP  
Jeffrey N. Pomerantz (CA Bar No. 143717) (*admitted pro hac vice*)  
John A. Morris (NY Bar No. 266326) (*admitted pro hac vice*)  
Gregory V. Demo (NY Bar No. 5371992) (*admitted pro hac vice*)  
Hayley R. Winograd (NY Bar No. 5612569) (*admitted pro hac vice*)  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
Telephone: (310) 277-6910  
Facsimile: (310) 201-0760

HAYWARD PLLC  
Melissa S. Hayward (TX Bar No. 24044908)  
MHayward@HaywardFirm.com  
Zachery Z. Annable (TX Bar No. 24053075)  
ZAnnable@HaywardFirm.com  
10501 N. Central Expy, Ste. 106  
Dallas, TX 75231  
Telephone: (972) 755-7100  
Facsimile: (972) 755-7110

*Counsel for Highland Capital Management, L.P.*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,<sup>1</sup>  
Reorganized Debtor.

HIGHLAND CAPITAL MANAGEMENT, L.P.,  
Plaintiff,

vs.

PATRICK HAGAMAN DAUGHERTY,  
Defendant.

§  
§ Chapter 11  
§  
§ Case No. 19-34054-sgj11  
§  
§  
§  
§ Adversary Proceeding No.  
§  
§ 20-03107-sgj  
§  
§  
§  
§  
§

<sup>1</sup> The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

**JOINT STIPULATION OF DISMISSAL  
OF ADVERSARY PROCEEDING WITH PREJUDICE**

Plaintiff Highland Capital Management, L.P. (“Highland”) and defendant Patrick Hagaman Daugherty (“Mr. Daugherty”, and collectively with Highland, the “Parties”) hereby enter into this *Joint Stipulation of Dismissal of Adversary Proceeding with Prejudice* (the “Stipulation of Dismissal”) pursuant to Rule 7041 of the Federal Rules of Bankruptcy Procedure.

**Recitals**

WHEREAS, on October 16, 2019, Highland filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”);

WHEREAS, Highland’s above-referenced chapter 11 case (the “Bankruptcy Case”) is pending in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Court”);

WHEREAS, on February 22, 2021, the Court entered its *Order (i) Confirming the Fifth Amended Plan of Reorganization of Highland Capital Management, L.P. (as Modified) and (ii) Granting Related Relief* [Bankr. Dkt. No. 1943] confirming the *Fifth Amended Plan of Reorganization of Highland Capital Management, L.P. (as Modified)* [Bankr. Dkt. No. 1808] (as amended, supplemented, or modified, the “Plan”);

WHEREAS, on August 11, 2021, the Effective Date (as defined in the Plan) occurred [Bankr. Dkt. No. 2700];

WHEREAS, Mr. Daugherty is a former employee and limited partner of Highland and has served in other positions with affiliates and former affiliates of Highland;

WHEREAS, on April 1, 2020, Mr. Daugherty filed a general, unsecured, non-priority claim against Highland in the amount of at “least \$37,483,876.59,” and such claim was denoted by Highland’s claims agent as Proof of Claim No. 67 (“Proof of Claim No. 67”);

WHEREAS, on April 6, 2020, Mr. Daugherty filed a general, unsecured, non-priority claim against Highland in the amount of at “least \$37,482,876.62” that superseded Proof of Claim No. 67 and that was denoted by Highland’s claims agent as Proof of Claim No. 77 (“Proof of Claim No. 77”);

WHEREAS, on August 31, 2020, Highland commenced the above-captioned adversary proceeding (the “Adversary Proceeding”) against Mr. Daugherty by filing a complaint [Adv. Dkt. No. 1] (the “Complaint”) in which Highland (i) objected to Proof of Claim No. 77 on various grounds, and (ii) asserted a cause of action for the subordination of part of Mr. Daugherty’s claim pursuant to section 510(b) of the Bankruptcy Code;

WHEREAS, on September 29, 2020, Mr. Daugherty filed his answer to the Complaint [Adv. Dkt. No. 8] in the Adversary Proceeding;

WHEREAS, on October 23, 2020, Mr. Daugherty filed a motion seeking leave to amend his Proof of Claim No. 77 [Bankr. Dkt. No. 1280] (the “POC Amendment Motion”). The amended proof of claim attached to the POC Amendment Motion increased Mr. Daugherty’s general, unsecured, non-priority claim against Highland to the amount of at “least \$40,410,819.42” and sought to supersede Proof of Claim No. 67 and Proof of Claim No. 77;

WHEREAS, on December 10, 2020, the Court entered an order [Bankr. Dkt. No. 1533] granting the POC Amendment Motion, and Mr. Daugherty was permitted to file an amendment to his proof of claim. On December 23, 2020, Mr. Daugherty filed an amended proof of claim, designated by Highland’s claims agent as Proof of Claim No. 205 (“Proof of Claim No. 205” or the “Daugherty Claim”). Proof of Claim No. 205 superseded Proof of Claim No. 77 and increased the amount of Mr. Daugherty’s claim to \$40,710,819.42;

WHEREAS, on or about November 22, 2021, Highland and Mr. Daugherty executed that certain *Settlement Agreement* (the “Settlement Agreement”) attached as Exhibit 1 to the

JOINT STIPULATION OF DISMISSAL OF ADVERSARY PROCEEDING WITH PREJUDICE—Page 3 of 6

*Declaration of John A. Morris in Support of the Reorganized Debtor's Motion for Entry of an Order Approving Settlement with Patrick Hagaman Daugherty (Claim No. 205) and Authorizing Actions Consistent Therewith* [Bankr. Dkt. No. 3089] (the "Morris Declaration") filed in support of the *Reorganized Debtor's Motion for Entry of an Order Approving Settlement with Patrick Hagaman Daugherty (Claim No. 205) and Authorizing Actions Consistent Therewith* [Bankr. Dkt. No. 3088] (the "Settlement Motion");

WHEREAS, following an evidentiary hearing on the Settlement Motion held on March 1, 2022, the Court entered its *Order Approving Settlement with Patrick Hagaman Daugherty (Claim No. 205) and Authorizing Actions Consistent Therewith* [Bankr. Dkt. No. 3298] (the "Settlement Order") approving the Settlement Motion and the Parties' entry into the Settlement Agreement;

WHEREAS, as part of the Settlement Agreement, the Parties agreed that, within ten business days after approval of the Settlement Agreement by the Court, the Parties would take all steps necessary to, among other things, dismiss this Adversary Proceeding with prejudice.

NOW, THEREFORE, the Parties hereby jointly stipulate and agree that upon the filing of this Stipulation with the Court:

1. The Adversary Proceeding is dismissed **WITH PREJUDICE**.
2. This Adversary Proceeding is not a class action under Rule 23 of the Federal Rules of Civil Procedure, a derivative action under Rule 23.1 of the Federal Rules of Civil Procedure, or an action related to an unincorporated association under Rule 23.2 of the Federal Rules of Civil Procedure.
3. This Adversary Proceeding is not governed by any federal statute that requires a court order for dismissal of the Adversary Proceeding.
4. A receiver has not been appointed in this Adversary Proceeding.

5. Highland has not previously dismissed any federal- or state-court suit based on or including the same claims as those presented in this Adversary Proceeding.

Dated: March 29, 2022.

**PACHULSKI STANG ZIEHL & JONES LLP**

Jeffrey N. Pomerantz (CA Bar No.143717)  
John A. Morris (NY Bar No. 266326)  
Gregory V. Demo (NY Bar No. 5371992)  
Hayley R. Winograd (NY Bar No. 5612569)  
10100 Santa Monica Blvd., 13th Floor  
Los Angeles, CA 90067  
Telephone: (310) 277-6910  
Facsimile: (310) 201-0760  
E-mail: [jpomerantz@pszjlaw.com](mailto:jpomerantz@pszjlaw.com)  
[jmorris@pszjlaw.com](mailto:jmorris@pszjlaw.com)  
[gdemo@pszjlaw.com](mailto:gdemo@pszjlaw.com)  
[hwinograd@pszjlaw.com](mailto:hwinograd@pszjlaw.com)

-and-

**HAYWARD PLLC**

/s/ Zachery Z. Annable  
Melissa S. Hayward  
Texas Bar No. 24044908  
[MHayward@HaywardFirm.com](mailto:MHayward@HaywardFirm.com)  
Zachery Z. Annable  
Texas Bar No. 24053075  
[ZAnnable@HaywardFirm.com](mailto:ZAnnable@HaywardFirm.com)  
10501 N. Central Expy, Ste. 106  
Dallas, Texas 75231  
Tel: (972) 755-7100  
Fax: (972) 755-7110

*Counsel for Highland Capital Management, L.P.*

-and-

**GRAY REED**

/s/ Andrew K. York

Jason S. Brookner

Texas Bar No. 24033684

Andrew K. York

Texas Bar No. 24051554

Drake M. Rayshell

Texas Bar No. 24118507

1601 Elm Street, Suite 4600

Dallas, Texas 75201

Telephone: (214) 954-4135

Facsimile: (214) 953-1332

Email: jbrookner@grayreed.com

dyork@grayreed.com

drayshell@grayreed.com

*Counsel for Patrick Daugherty*